

## Exhibit 5 -1 Figuring your taxable benefits

### Before you begin:

- If you are married filing separately and you lived apart from your spouse for all of 2006, enter "D" to the right of the word "benefits" on Form 1040, line 20a, or Form 1040A, line 14a.
- Do not use this worksheet if you repaid benefits in 2006 and your total repayments (box 4) were more than your gross benefits for 2006 (box 3). None of your benefits are taxable for 2006. For more information, see *Repayments More Than Gross Benefits*.

1. Enter the total amount from box 5 of ALL your Forms SSA-1099 and RRB-1099. Also enter this amount on Form 1040, line 20a, or Form 1040A, line 14a . . . . . **1.** \_\_\_\_\_


2. Enter one-half of line 1 . . . . . **2.** \_\_\_\_\_

3. Enter the total of the amounts from:  
**Form 1040:** Lines 7, 8a, 8b, 9a, 10 through 14, 15b, 16b, 17 through 19, and 21  
**Form 1040A:** Lines 7, 8a, 8b, 9a, 10, 11b, 12b, and 13 . . . . . **3.** \_\_\_\_\_

4. **Form 1040 filers:** Enter the total of any exclusions/adjustments for:  
 • Qualified U.S. savings bond interest (Form 8815, line 14)  
 • Adoption benefits (Form 8839, line 30)  
 • Foreign earned income or housing (Form 2555, lines 45 and 50, or Form 2555-EZ, line 18), and  
 • Certain income of bona fide residents of American Samoa (Form 4563, line 15) or Puerto Rico  
**Form 1040A filers:** Enter the total of any exclusions for:  
 • Qualified U.S. savings bond interest (Form 8815, line 14)  
 • Adoption benefits (Form 8839, line 30) . . . . . **4.** \_\_\_\_\_


5. Add lines 2, 3, and 4 . . . . . **5.** \_\_\_\_\_

6. **Form 1040 filers:** Enter the amount from Form 1040, line 36, minus any amounts on Form 1040, lines 33 and 35.  
**Form 1040A filers:** Enter the amount from Form 1040A, line 20, minus any amount on Form 1040A, line 18 . . . . **6.** \_\_\_\_\_

7. Is the amount on line 6 less than the amount on line 5?  
**No.**  None of your social security benefits are taxable. Enter -0- on Form 1040, line 20b, or Form 1040A, line 14b.  
**Yes.** Subtract line 6 from line 5 . . . . . **7.** \_\_\_\_\_

8. If you are:  
 • Married filing jointly, enter \$32,000  
 • Single, head of household, qualifying widow(er), or married filing separately and you **lived apart** from your spouse for all of 2006, enter \$25,000 . . . . . **8.** \_\_\_\_\_

**Note.** If you are married filing separately and you lived with your spouse at any time in 2006, skip lines 8 through 15; multiply line 7 by 85% (.85) and enter the result on line 16. Then go to line 17.

9. Is the amount on line 8 less than the amount on line 7?  
**No.**  None of your benefits are taxable. Enter -0- on Form 1040, line 20b, or on Form 1040A, line 14b. If you are married filing separately and you **lived apart** from your spouse for all of 2006, be sure you entered "D" to the right of the word "benefits" on Form 1040, line 20a, or on Form 1040A, line 14a.  
**Yes.** Subtract line 8 from line 7 . . . . . **9.** \_\_\_\_\_

10. Enter \$12,000 if married filing jointly; \$9,000 if single, head of household, qualifying widow(er), or married filing separately and you **lived apart** from your spouse for all of 2006 . . . . . **10.** \_\_\_\_\_

11. Subtract line 10 from line 9. If zero or less, enter -0- . . . . . **11.** \_\_\_\_\_

12. Enter the **smaller** of line 9 or line 10 . . . . . **12.** \_\_\_\_\_

13. Enter one-half of line 12 . . . . . **13.** \_\_\_\_\_

14. Enter the **smaller** of line 2 or line 13 . . . . . **14.** \_\_\_\_\_

15. Multiply line 11 by 85% (.85). If line 11 is zero, enter -0- . . . . . **15.** \_\_\_\_\_

16. Add lines 14 and 15 . . . . . **16.** \_\_\_\_\_

17. Multiply line 1 by 85% (.85) . . . . . **17.** \_\_\_\_\_

18. **Taxable benefits.** Enter the **smaller** of line 16 or line 17. Also enter this amount on Form 1040, line 20b, or Form 1040A, line 14b . . . . . **18.** \_\_\_\_\_



*If you received a lump-sum payment in 2006 that was for an earlier year, also complete Worksheet 2 or 3 and Worksheet 4 to see if you can report a lower taxable benefit.*

## Example 5

Gregoria, age 66, is single. In addition to receiving social security benefits, she received a pension from the P.R. government of \$20,000. (Gregoria already recovered the cost of her pension). Her husband died five years ago and she is receiving a survivor benefit pension from Office of Personnel Management of \$8,000. She had interest income of \$6,200 from her saving account in a local bank of PR.